



PENNSYLVANIA

Rural Development Council

April 12, 1996

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Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554


Re: In the Matter of the Federal-State Joint Board on
Universal Service
CC Docket No. 96-45

Dear Secretary Caton:

Enclosed are an original and four copies of the Initial Comments of the Pennsylvania Rural Development Council to the Notice of Proposed Rulemaking and Order Establishing Joint Board in the above-captioned proceeding. We have also served a copy of our comments upon all Federal-State Joint Board members in accordance with the attached service list.

Very truly yours,


Joe Dudick
Executive Director


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Before the
Federal Communications Commission
Washington, DC 20054

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In the matter of)
)
Federal-State Joint Board on) CC Docket No. 96-45
Universal Service)
)

**Initial comments of the
Pennsylvania Rural Development Council
to the Notice of Proposed Rulemaking
and Order establishing Joint Board**

I. Introduction.

A. PRDC's interest in this proceeding.

The Pennsylvania Rural Development Council (PRDC) is an organization that represents the interests of Pennsylvania's rural communities and their residents. The Council's membership includes representatives of the private and non-profit sectors and local, state, and federal government agencies.

Although many of the detailed questions included in the Commission's recent Notice of Proposed Rulemaking (NOPR) require technical, legal, and economic competence which exceeds that possessed by the PRDC, we nonetheless feel compelled to file general comments related to the fundamental issues raised by the NOPR because of the fact that Pennsylvania has the largest rural population in the nation, over 3.7 million individuals.

Although the PRDC does not possess the degree of technical competence to address many of the questions raised by the Commission, the PRDC is not unfamiliar with the fundamental issues raised in the NOPR and to be addressed by the Joint Board and,

ultimately, the Commission itself. In anticipation of action by the Pennsylvania state legislature on legislation that dealt with many of the issues included in the Telecommunications Act of 1996 (1996 Act), the PRDC adopted a Telecommunications Policy Statement (a copy which is attached as Appendix I). Our Telecommunications Policy Statement clearly outlines the principles by which we believe the Joint Board and Commission should be guided as they consider what should constitute universal service and how it should be provided to all of the communities and citizens of the United States. The principal goal of public policy, as outlined in our Telecommunications Policy Statement, should be to “provide rural areas with competitive costs, improved services, and improved access to: health care, education, government services, business, social services, and transportation through a universally accessible switched network that provides for two-way interactive broadband technology to everyone, anytime, anywhere at a price and in a time frame similar to those established for urban/suburban areas.”

B. Summary of PRDC’s position on specific issues raised in NOPR.

A principal goal of the PRDC is to support the expansion of economic opportunities for Pennsylvania’s rural citizens. We believe this goal can only be achieved through the implementation of a holistic set of policies that recognizes the need for — in addition to targeted economic development assistance — community development, quality education and job training services, accessible health care, vibrant “main streets,” and a host of other factors. As our Telecommunications Policy Statement sets forth, we believe that access to affordable and comprehensive telecommunications services are vital to the future viability of rural communities.

Accordingly, we believe the Joint Board and Commission should be expansive in its interpretation of the 1996 Act. Specifically:

1. Quality of service. We believe the Joint Board and Commission should establish high standards for the goal of “quality service” as called for in the 1996 Act.¹

2. Affordability of service. We believe the Joint Board and Commission should interpret the 1996 Act’s mandate that service to all Americans be “affordable”² by imposing

¹ 1996 Act sec. 101(a), § 254(b)(1).

² Id.

rates for rural consumers that are equivalent to those charged to urban/suburban consumers.

3. Definition of universal service. We believe the Joint Board and Commission should follow the standard set forth in our Telecommunications Policy Statement in implementing the direction from Congress that consumers in “rural, insular, and high-cost areas” and “low-income consumers” should have access to “telecommunications and information services” that are “reasonably comparable to those services provided in urban areas.”³ Specifically, we believe these services should be comprehensive and provided “through a universally accessible switched network that provides for two-way interactive broadband technology,” not the more limited set of services identified in the NOPR.

4. Universal service assistance mechanisms. We believe the Joint Board and Commission should establish policies that collect the revenues required to fund the universal service assistance mechanisms from the broadest range of service providers and, to the greatest extent possible, at the national level.

5. Definition of beneficiaries. We believe the Joint Board and Commission should include as beneficiaries of the technologies identified under the universal service definition the widest range of individuals, businesses, and organizations.

6. Services to rural schools, libraries, and health care providers. If the Joint Board and Commission do not accept our view that all consumers should have access to the services called for in our policy statement, we believe the Joint Board and Commission must assure that rural schools, libraries, and health care providers have access to these services, especially asynchronous transfer mode (ATM) and integrated systems digital network (ISDN) technologies.

7. Additional information on universal service assistance mechanism models. On a procedural note, we believe the Joint Board and Commission should provide to those commentators who have the technical competence to analyze the information, adequate data regarding the various models for federal universal service assistance mechanisms so that they can comment on these models in an informed manner.

³ Id. § 254(b)(3).

II. Discussion.

A. Quality of service.

We believe quality of service standards for the technologies and services included under the universal service definition should be extremely high. If this is not so, the value of these services and technologies is diminished, thereby depriving rural communities of the full promise offered by these technologies. This is especially important to rural economic development efforts that target high technology firms.

B. Affordability of service. Even if telecommunications services are available and of high quality, their potential contribution to rural communities is greatly diminished if they cannot be afforded.

To a large extent, the issues of affordability and the definition of which services are included under universal service are best likened to “chicken and egg” questions. Many service providers are hesitant to make the investment in expanded services until the demand for those services is clear. Unfortunately, potential consumers of services are not fully aware of the value and benefit of these services until they are available. Accordingly, when service providers seek to recover their investment in advanced service facilities through elevated rates, consumer awareness is stifled and potential demand is unrealized. The key to increased demand, which provides the revenue to allow service providers to recover their investment, is affordable rates from the beginning.

C. Definition of universal service.

We believe the services identified in the NOPR for inclusion under the universal service definition is woefully inadequate. Unless the definition is expansive, including at least the services identified in the PRDC Telecommunications Policy Statement, we believe that rural citizens will continue to be deprived of the economic, educational, social, and health care opportunities enjoyed by other Americans. Advanced telecommunications services can have their most profound impact in rural areas where great distances and lack of time and money can be overcome through the use of these services. If rural areas are to advance, they must have access to the broadest range of telecommunications services.

D. Universal service assistance mechanisms. The 1996 Act holds the promise of service providers making billions of dollars in profits as a result of the deregulation of the

telecommunications marketplace. We believe these firms have an obligation to the nation to share some of the benefit they will receive from this Congressional action.

As a result, we believe that policies must be promulgated to require all service providers to contribute to universal service assistance mechanisms in an equitable manner. Further, we believe that — to the greatest extent possible — these mechanisms must be national in scope because so many small rural service providers depend on revenues that come from interstate transactions.

E. Definition of beneficiaries.

Traditionally, beneficiaries of universal service have been residential consumers and single-line businesses. We believe the definition should be expanded to include all consumers, including larger businesses. One of the greatest promises of emerging telecommunications technologies is that — through their wide-spread dispersion — they will attract increased economic activity to rural areas.

F. Services to schools, libraries, and health care providers.

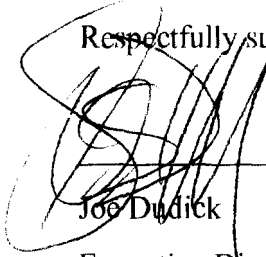
The potential benefits emerging telecommunications technologies can provide to educational and health care facilities are enormous. The NOPR does an excellent job of laying out these potential benefits. As stated above, we believe the Joint Board and Commission should follow the guidelines included in our Telecommunications Policy Statement as they define what services are to be provided to educational, library, and health care facilities.

III. Conclusion.

Emerging telecommunications and information technologies hold the promise of revolutionizing life in America. Just as cooperative rural electrification brought rural Americans the benefits of 20th century comfort and prosperity in the 1930s and 1940s, emerging telecommunications and information technologies can propel rural areas into the 21st century; increasing the viability of rural communities by providing rural residents access to economic opportunities, quality education and job training, first-rate health care, and all of the other benefits urban and suburban citizens will enjoy.

Congress took an important first step in enacting the 1996 Act. It is not up to the Joint Board and Commission to promulgate regulations that will assure that the promise of the

1996 Act is fulfilled. To truly serve the public interest, the Joint Board and Commission must provide the greatest benefit to the greatest number.

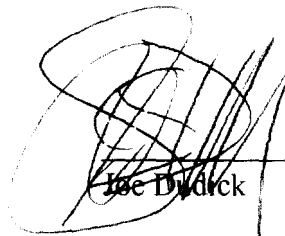
Respectfully submitted,

Joe Dudick
Executive Director

cc: Service list

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Initial Comments of the Pennsylvania Rural Development Council to the Notice of Proposed Rulemaking and Order Establishing Joint Board has been served this 12th day of April, 1996, upon all parties listed on the attached service list by first class mail, postage-prepaid.

Executed in Harrisburg, Pennsylvania, this 11th day of April, 1996.



Joe Dyddick

Executive Director
Pennsylvania Rural Development Council

Attachment: Service List

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